

## Message Text

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ORIGIN ARA-10

INFO OCT-01 ISO-00 EB-07 CAB-02 CIAE-00 COME-00 DODE-00

DOT-00 INR-07 NSAE-00 FAA-00 SSO-00 INRE-00 L-02

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DRAFTED BY ARA/EP/P:FBCORRY:JH

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EB/OA/AN:MSTYLES

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O 081619Z APR 75

FM SECSTATE WASHDC

TO AMEMBASSY LIMA IMMEDIATE

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E.O. 11652: N/A

TAGS: EAIR, PE

SUBJECT: CIVAIR NEGOTIATIONS

1. ON APRIL 7 AFTERNOON PERUVIAN EMBASSY OFFICER  
DELIVERED TO DEPARTMENT (ARA/EP) AIDE MEMOIRE REGARDING  
"IMPASSE SITUATION" IN CURRENT BRANIFF-AEROPERU TALKS  
IN LIMA, WHICH HE SAID EMBASSY HAD JUST RECEIVED (BY  
POUCH) FROM THE FOREIGN MINISTRY. TEXT FOLLOWS. QUOTE:  
AT THE NEGOTIATION TALKS BEING HELD IN LIMA, TO SOLVE THE  
IMPASSE SITUATION EXISTING BETWEEN AEROPERU AND BRANIFF,  
AEROPERU HAS PRESENTED A PROPOSAL GRANTING BRANIFF FIFTEEN  
FLIGHT FREQUENCIES TO THE NORTH AND NINE FLIGHT FREQUENC-  
IES TO THE SOUTH OF LIMA MAKING A TOTAL OF TWENTY-FOUR  
FLIGHT FREQUENCIES. THIS OFFER REPRESENTS A FIFTY PER  
CENT INCREASE ON BRANIFF'S PRESENT SERVICES AND CONSTITU-  
TES A VERY IMPORTANT CONCESSION ON AEROPERU'S PART TOWARD  
REACHING A MUTUALLY SATISFACTORY AGREEMENT. (SECOND  
PARAGRAPH) AEROPERU EXPRESSES ITS CONFIDENCE THAT  
BRANIFF WILL APPRECIATE THE EXTENT OF THE CONCESSION AND  
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VIEW IT REALISTICALLY IN ORDER TO SETTLE THIS MATTER.

END OF QUOTE.

2. WHILE PRESENTING MEMORANDUM, EMBASSY OFFICER ACKNOWLEDGED THAT AIRLINE TALKS ARE DEADLOCKED AND THAT PROGNOSIS IS NOT GOOD. HE SAID THAT AFTER FIRST TWO

SESSIONS OF TALKS FOREIGN MINISTRY RECOGNIZED THAT AIRLINES WERE ADAMANT REGARDING BASIC DESIRES AND THAT UNLESS CONCESSIONS WERE MADE TALKS WOULD FAIL. HE SAID, HOWEVER, THAT IT APPEARED AS IF AEROPERU HAD MADE IMPORTANT CONCESSIONS TO BRANIFF IN DROPPING ITS INSISTENCE ON PASSENGER QUOTA RESTRICTIONS AND IN "INCREASING" FREQUENCIES. HE SAID THAT AMBASSADOR-DESIGNATE ARCE, WHO "WANTS TO AVOID A CRISIS AT THE BEGINNING OF HIS TOUR -- EVEN BEFORE HE HAS BEEN RECEIVED BY THE PRESIDENT," HAD WARNED FOREIGN MINISTRY OF INEVITABILITY OF PART 213 ACTION AGAINST AEROPERU SERVICE IF AIRLINE TALKS ARE NOT PRODUCTIVE. FOREIGN MINISTRY, AND GOP, HE SAID, ACKNOWLEDGE THIS AND -- AS A PRECAUTION -- ARE PREPARING FOR FAILURE OF TALKS. EMBOFF RHETORICALLY SPECULATED THAT IF BOTH AIRLINE SERVICES WERE HALTED, PERUVIAN NEWSPAPERS WOULD ATTACK US AND REMAINING US INTERESTS IN PERU. HE SAID THAT DESPITE RECOGNITION OF CONSEQUENCES OF FAILURE OF PRESENT NEGOTIATIONS, FOREIGN MINISTER DE LA FLOR BELIEVES THAT TALKS SHOULD REMAIN AN AIRLINE-TO-AIRLINE BASIS.

3. DEPARTMENT OFFICERS AGREED THAT LITTLE PROGRESS HAD BEEN MADE IN TALKS BETWEEN AIRLINE REPRESENTATIVES AND THAT SITUATION LOOKED GLOOMY. THEY QUESTIONED WHETHER AEROPERU "CONCESSIONS" WERE ALL THAT SIGNIFICANT WHEN COMPARED WITH BRANIFF'S PRE-JANUARY 31 SCHEDULE AND IN VIEW OF AEROPERU'S POSITION ON TRANSIT PASSENGERS. THEY NOTED THAT, AT A MINIMUM, BRANIFF REQUIRED ECONOMIC SCHEDULE AND THAT BRANIFF OFFICIALS FEEL PRESENT AEROPERU/GOP POSITION WOULD EVENTUATE IN FURTHER LOSSES. DEPT. OFFICERS SUGGESTED THAT A GOOD BEGINNING FOR AEROPERU CONCESSIONS MIGHT BE IN DROPPING POSITION ON STOP-OVER PASSENGERS. THEY SAID THAT IN EVENT OF NEGOTIATION FAILURES, TASK OF BOTH GOVERNMENTS WAS TO PREVENT ISSUE LIMITED OFFICIAL USE

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FROM CONTRIBUTING TO WIDER DETERIORATION OF US-PERUVIAN RELATIONS. THEY POINTED OUT THAT, IF US PRESS -- ESPECIALLY HIGHLY RESPECTED WALL STREET JOURNAL -- WERE TO NOTE THAT TALKS HAD FAILED BECAUSE OF GOP INSISTENCE ON DOCTRINAIRE HARD-LINE POSITION, IT WOULD CAUSE RIPPLE OF CONCERN AMONG US COMMERCIAL BANKING COMMUNITY. DEPT. OFFICERS SAID THAT, DESPITE MISGIVINGS IN CONCERNED AGENCIES, DEPT. HAD PERSUADED WHITE HOUSE TO STAY 213

ORDER AND ASKED BRANIFF TO RETURN TO TALKS IN HOPE THAT  
GOP WOULD DEMONSTRATE FLEXIBILITY AND MAKE SOME CONCES-  
SIONS IN SUBSEQUENT NEGOTIATIONS. IF TALKS NOW FAIL  
BECAUSE OF AEROPERU INTRANSIGENCE, THEY SAID, DEPT. WILL  
NOT BE ABLE TO PERSUADE WHITE HOUSE TO FURTHER STAY 2L3  
ACTION.

4. PERUVIAN EMBOFF IMMEDIATELY ASKED WHETHER FAILURE  
WOULD JEOPARDIZE GOP ACCESS TO INTERAMERICAN DEVELOPMENT  
BANK CREDIT AND TO USG CREDIT, SUCH AS "CCC" (SPECIFICALLY  
FOR 300,000 TONS OF WHEAT) AND EXIM. DEPTOFFS RESPONDED  
THAT THEY DOUBTED THAT CIVAIR MATTER WOULD HAVE ANY EFFECT  
ON IADB CREDIT; BUT THEY ADDED THAT IT WOULD BE MORE  
DIFFICULT TO ASSESS IMPACT OF FAILURE BECAUSE OF HARD-LINE  
GOP POSITION ON USG AGENCIES CONCERNED WITH CREDIT.

5. EMBOFF SAID HE WOULD INFORM FOREIGN MINISTRY OF THESE  
VIEWS. KISSINGER

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